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SUBJECT: THE KIWI VOTER: TRAPPED BETWEEN BOREDOM AND ANXIETY?

Classified By: Charge D'Affaires David Burnett,  
for reasons 1.4 (b) and (d)

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SUMMARY  
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¶1. (C) Going in to the final week of New Zealand's general election campaign, polls are fluctuating wildly: one had National in a seven-point lead, while another had Labour leading by nine points just two days later. The latest put the major parties in a dead heat, with support for Labour at 40.6 and National at 40.1 While the quality of individual polls may be at issue, it is clear this is the closest race in years. Voters appear to be dithering, and as many as 20 percent remain undecided. Those that have made their choice are often not their selected major parties' usual core voters. The small parties are mostly dropping off the map, a real change since MMP voting was initiated in 1996. Part of voter indecision is due to the real differences in vision that the two major parties represent. In general, though, New Zealand's electorate seem tired of the Labour Government, yet distrustful of what changes the opposition National party would bring. In the remaining week, we expect focus to turn more on the major parties' leadership, although voters will also make decisions on bread and butter issues such as taxes, racial identity, infrastructure, health, and education. End Summary.

¶2. (C) Many New Zealand polls do not break down respondents into a large number of categories. Interestingly, those that do seem to indicate that this year's voters are not easily categorized. Labour's traditional supporters are urban residents, the intelligentsia, and lower and middle income voters. National traditionally draws support from farmers, business, and wealthier Kiwis. But during this campaign, Labour is doing well in government-centered Wellington and in Christchurch, but National is drawing support in more cosmopolitan Auckland. Lower-income voters, traditional Labourites, seem peeved at the Government's support for students, and smaller middle-class families resent that Labour's family support does not extend to them. Some blue collar workers are tired of Labour's "nanny state" rules such as those banning smoking in pubs. National's tax cut package seemed to have drawn support from across income ranges, but as of now some 44% of upper income earners have not said that they will vote for National.

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What voters want  
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¶3. (C) What do Kiwi voters want, and why are they being so volatile in opinion polls?

To some extent, voters may be indecisive because there are real choices on offer, as this year the major parties are representing distinctly different visions of New Zealand. For Labour, it's a country that takes care of its most vulnerable through income redistribution and uses the law to address past wrongs to Maori. Labour's New Zealand strives to be something of an antipodes version of Blair's "Cool Britannia," with the Government publicly courting investment in fashion, high-tech and the arts even as it continues to flog New Zealand export mainstays such as agricultural goods.

Today's Labour, like Lange's 1980s Government, also takes great pains to define a distinctive Kiwi identity on the international stage, one that stands for multilateralism, anti-nuclear proliferation, and a knee-jerk need to define their country as independent from the United States, Australia, and Britain.

¶4. (C) In contrast, the vision put forward by National, a more conservative party now than in the recent past, is of a New Zealand where equality is provided through a level playing field, with a more limited role for government. National is pledging to represent the interests of "mainstream" New Zealanders, rather than those of minority groups of any kind. Spending decisions should be made by

citizens themselves when possible, with lower taxes for all rather than hand-outs for some. There should be fewer barriers to doing business. While National still supports universal health and strong schools, it wants to introduce some market competition into the system, or at least business-type evaluations to measure success. Whereas before the campaign heated up Labour only subsidized pre-school care in government-run centers, National has from the start promised tax breaks for any-out-of-pocket child care. On the international stage, National has been careful to claim it will not radically change New Zealand's policies. To some extent this is to protect the party from being vulnerable to Labour's claims that National will make New Zealand a "deputy sheriff" to the United States and others. But many in National are actually committed internationalists, even though most favor a stronger relationship with traditional allies than is now the case.

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Roots of Indecision  
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**15.** (C) OK, there's a choice, but voters have had weeks to mull things over. Why are they being so slow to make up their minds? Our sense of the zeitgeist is this: For some time now, the Government has not recognized that people are feeling less well off than before. After putting up with a string of Labour missteps and a government long seen as arrogant and out of touch with the mainstream, voters have finally begun to tire of the Prime Minister and other Labour officials. The ill-fated May budget was the likely catalyst, but voters had already been primed by opposition parties to take a new look at government policies they'd earlier been content to live with, and government attitudes they had previously taken in stride. The familiar now looks tarnished.

**16.** (C) Yet National's platform offers the anxieties of the unknown. Will there really be enough money left after tax cuts for schools, health, and pensions? Although many Kiwis respond to National's call for an end to special treatment for Maori, will that create civil unrest? What will happen to the unique New Zealand identity? There is also a real question about whether National's senior members are ready to rule. Every week seems to bring on a new gaffe. This week, it is National leader Don Brash's belated admission that he had talked with an allegedly apolitical religious sect and endorsed their idea of a pamphlets campaign against Labour and the Greens. So far, the public has not been turned off by these mistakes. But over time the unclear responses may raise questions on National's credibility, and the inept handling of crises may not appeal to voters who want to know their PM can handle the pressures of running the country and meeting with foreign leaders.

**17.** (C) These questions will be weighing on voters minds in the remaining days of the campaign. Here are some of the major issues in play as they make their choices:

**Taxes:** As we've reported earlier, this is National's trump card and Labour's biggest vulnerability. National's website explaining its plan got over a million hits within days. Labour's extended "Working for Families" income support leaves out large numbers of voters and has not done the trick. Of all issues, this is the one that could draw to National working- and middle-class voters who have more recently voted Labour. Labour's efforts to paint the cuts as fiscally irresponsible have run into trouble, given that the plan is the work of a former central banker (Brash) and former successful international banker (National finance spokesman John Key). Labour's recent "discovery" of extra money in tax revenues that it is using for more spending promises has further weakened its ability to criticize the tax cuts, although some voters are questioning how National will finance its plan. Many voters have also criticized Labour for not reducing oil taxes in light of rising world prices.

**Race/National identity:** National leader Don Brash's famous 2004 Orewa speech put this issue on the map and made the party a political contender once more. In a recent speech dubbed "Orewa II," Brash repeated his pledge to do away with Maori electoral seats and said he would also abolish separate ministries dealing with Maori issues. National's position sits well with especially older white New Zealanders and (we suspect) the country's sizable immigrant and Pacific Islander communities. (Auckland is the largest Polynesian city in the world.) Even a visiting U.S. Democratic Senator remarked to us that "the Maori seem to expect a lot." But many Kiwis are proud of their country's fair treatment of its indigenous people, and many believe Maori deserve special treatment because preservation of Maori culture is essential to maintaining the uniquely "New Zealand" identity. Air New Zealand makes use of the koru (fern) in its designs, the New Zealand rugby team the All Blacks starts each game with a haka (war chant) and the average New Zealander knows a fair

number of Maori words. (Maori is also the second official language here.)

**Health:** This is not the pressing issue it has been in the past, but remains important. Government spending on health now takes up about 20 percent of the budget. The Government has boosted healthcare providers' salaries, and by 2007 will give subsidized care to all New Zealanders. National says more people than ever are waiting for elective surgery despite the extra spending, but this is one of the areas in which their party is the most vulnerable. Many people do not believe that enough money will be left in the pot after tax cuts to meet the country's burgeoning health costs. In recognition of this, National has pledged to maintain Labour's 2005-6 funding for health, although it has also called for cost reductions through public-private partnerships, less bureaucracy, and a requirement for government funding to be allocated based on quality and price of the services provided.

**Education:** The Government has seen a number of scandals in this area, from botched national exams to accusations that the deputy education minister engaged in corporal punishment while a teacher. National has pledged more national standards and more meaningful reports for students that will really measure progress. But here, too, voters are wary of National's claims that there will be enough to maintain education after tax cuts. National's pledge to allow Kiwis who remain in the country to take tax deductions for interest on student loans looks stingy compared to Labour's offer to forgive the interest completely, perhaps boosting skeptics' suspicions.

**Environment:** Voters who regard the environment as a key election issue are most likely to vote for the Greens or Labour. National has said it will withdraw New Zealand from the Kyoto agreement, a stance which is most likely to appeal to the business and farm vote. Labour insists it remains committed to Kyoto, but its miscalculations of what adherence to the agreement will cost has been an embarrassment and prevents the Government from playing up environment as an issue to all but the most ardent conservationists. (FYI: The Government had estimated it would make a profit from emissions trading, but has since admitted it will instead have to pay about NZD 1 billion.)

**Infrastructure/Local Issues:** In addition to national issues, voters will be looking at how the parties will handle issues of importance to local communities. High on the list are infrastructure issues such as transport, particularly in major cities Auckland and Wellington which account for almost half the country's population. National has offered to increase spending to build roads and to cut red tape by amending the country's Resource Management Act, which among other things provides for government financial assistance to a project's opponents. National also says it will change the Land Transport Management Act, which it believes is too deferential to the views of local Maori. Labour says it has spent large sums on roads -- NZD 1.3 billion this fiscal year. Labour also favors more support for public transport, and claims government assistance has increased Auckland's regional transport services by 40% at peak times.

**"Missing" Kiwis:** There are between one half and one million expatriate New Zealanders, representing up to 20% of the total population. While historically many Kiwis have had an "overseas experience" by living and working abroad for a few years as young adults, there is some indication that fewer of them are returning home. National claims New Zealand's high rate of taxation helps drive young, hard-working Kiwis away, particularly the over 350,000 who live in Australia. Labour points out that income tax rates in Australia are barely lower than here, and that even more people will leave if National is allowed to ruin New Zealanders' relaxed work/life balance.

**Leadership:** More and more, Kiwis are remarking that this is the most "presidential" election campaign they have ever seen. It is likely that many undecided voters will make their decision on the 17th based whether they would rather see Helen Clark or Don Brash as Prime Minister. We will report septel on the two candidates and their appeal to voters (or lack thereof).

Burnett